

## **REMARKS**

Reconsideration of this application, based on this amendment and these following remarks, is respectfully requested.

Claims 1 through 32 remain in this case. No claim is amended.

The Abstract was objected to for lack of clarity and conciseness. The Abstract is amended in an attempt to comply with the requirements of the Examiner.<sup>1</sup>

The undersigned appreciates the Examiner's reconsideration of the restriction requirement.

Claims 1 through 32 were rejected under §101 as directed to non-statutory subject matter. The Examiner asserted that the claimed method consists "solely of the manipulation of an abstract idea and is not concrete or tangible".<sup>2</sup>

Applicant respectfully traverses the §101 rejection, on the grounds that the invention of claims 1 and 18 through 22 does not consist solely of the manipulation of an abstract idea.

In analyzing claims directed to computer-related inventions, under §101, it is fundamental to begin first with a determination of "What did Applicant invent?".<sup>3</sup> In this regard, it is instructive to look to the detailed description of the preferred embodiments of the application to determine what the applicant did, in fact, invent.<sup>4</sup>

In this application, Applicant submits that his invention is directed to the use of an online method, for example over the Internet, by way of which a grantor can establish a trust according

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<sup>1</sup> Although the undersigned remains somewhat mystified about what exactly was wrong with the Abstract as filed.

<sup>2</sup> Office Action of April 24, 2006, page 3.

<sup>3</sup> *Arrhythmia Research Technology Inc. v. Corazonix Corp.*, 958 F.2d 1052, 1059; 22 USPQ2d 1033, 1038 (Fed Cir. 1992); MPEP §2106.

<sup>4</sup> MPEP *supra*.

to claim 1 *et seq.*,<sup>5</sup> or by way of which an account is maintained or managed according to claims 14 through 32.<sup>6</sup> The establishing of the trust involves the use of multiple computer systems that are interconnected over a wide area network, such as the Internet.<sup>7</sup> Identities are verified according to this invention, consents are obtained as necessary, and accounts are then established with financial institutions, all preferably over the Internet or other communications network.<sup>8</sup> In connection with the maintaining and managing of an account according to the claimed method, authorizations to convey funds are received over the network, and the corresponding electronic payments are received and the account database updated with the conveyed funds' information;<sup>9</sup> educational accounts within a trust vehicle are managed in this manner as well.<sup>10</sup> Accordingly, Applicant submits that the invention of claims 1 through 32 is directed to the establishing and managing of a tangible and concrete thing, namely a trust and an account within a trust corpus, to which various legal obligations and rights attach, and which is invested and contributed to so that it may increase in value.

Applicant submits that this invention falls within the statutory subject matter as defined by §101, because it does not consist solely of the manipulation of an abstract idea.

The courts have repeatedly held that a “number” or database entry representing a tangible thing, and created or modified by a claimed process, renders that process sufficiently tangible as to meet the requirements of §101 for statutory subject matter.<sup>11</sup> In the *State Street* case, the Court of Appeals for the Federal Circuit held that a machine for implementing a financial management structure, and that transformed data representing discrete dollar amounts into a final share price, produced a sufficiently “useful, concrete and tangible result” that the claimed apparatus met the requirements of §101.<sup>12</sup> The *AT&T* case involved method claims directed to

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<sup>5</sup> Specification of S.N. 10/045,219, paragraph [0047].

<sup>6</sup> Specification, *supra*, paragraph [0048].

<sup>7</sup> Specification, *supra*, paragraph [0066] *et seq.*; Figures 1 and 2.

<sup>8</sup> Specification, *supra*, paragraphs [0047], [0066] through [0073]; [0075] through [0089]; [0092] through [0105]; Figures 1 2 4, 8.

<sup>9</sup> Specification, *supra*, paragraphs [0135] through [0140].

<sup>10</sup> Specification, *supra*, paragraph [0149] *et seq.*

<sup>11</sup> See, e.g., *AT&T Corp. v. Excel Communications Inc.*, 172 F.3d 1354, 50 USPQ2d 1449 (Fed. Cir. 1999); *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998).

<sup>12</sup> *State Street*, *supra*, USPQ2d at 1601.

forming message records of long-distance telephone calls, such message records stored electronically and including a data field indicating whether its corresponding call involved a particular primary inter-exchange carrier, for use in the billing of the telephone call to the subscriber;<sup>13</sup> the Federal Circuit held, in this case, that the claimed “transformation” resulted in a number having a specific meaning – “a useful, concrete, tangible result” – and thus met the requirements of §101.<sup>14</sup> In addition, the *AT&T* decision firmly established that, for determining whether a claim is statutory subject matter under §101, it is not relevant whether the claims at issue are apparatus or method claims.<sup>15</sup>

Applying this analysis to this application, Applicant respectfully submits that the invention claimed is a method for creating a trust, namely a property interest held by one party for the benefit of another,<sup>16</sup> and the managing of accounts and assets within that trust, particularly educational accounts within the trust. A trust involves three elements, namely a trustee, a beneficiary, and trust property held by the trustee for the beneficiary.<sup>17</sup> Accordingly, the trust created by the claimed method is property in which certain parties have rights, and that can grow by way of investment,<sup>18</sup> and can be distributed to the beneficiary to be spent, conveyed, or rolled into another trust.<sup>19</sup> The trust must file a tax return, and perhaps pay taxes.<sup>20</sup> These attributes, among others, illustrate that the trust created by the claimed invention is clearly and obviously a concrete and tangible thing. Specifically, the tangible result of the claimed method is at least as tangible and concrete as a final share price of an investment structure,<sup>21</sup> or a message record for a long-distance telephone call.<sup>22</sup> Applicant submits that the claims in this case therefore consist of far more than the manipulation of abstract ideas, and traverses the §101 rejection accordingly.

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<sup>13</sup> *AT&T*, *supra*, USPQ2d at 1448-49.

<sup>14</sup> *AT&T*, *supra*, USPQ2d at 1452.

<sup>15</sup> *AT&T*, *supra*, USPQ2d at 1451.

<sup>16</sup> See *Black's Law Dictionary*, 8<sup>th</sup> ed. (West, 2004).

<sup>17</sup> *Id.*, citing *Restatement (Second) of Trusts*, §2 (1959).

<sup>18</sup> Specification, *supra*, paragraph [0135].

<sup>19</sup> Specification, *supra*, paragraphs [0144] and [0145].

<sup>20</sup> Specification, *supra*, paragraphs [0129] through [0132].

<sup>21</sup> *State Street*, *supra*.

<sup>22</sup> *AT&T*, *supra*.

Interestingly, the *AT&T* decision addresses the very cases cited by the Examiner in making the §101 rejection in this application.<sup>23</sup> The Federal Circuit found the *Schrader* case did not apply to the *AT&T* situation because the *Schrader* decision did not reach the question of whether its mathematical algorithm was applied in a practical manner to achieve a useful, concrete, and tangible result.<sup>24</sup> Similarly, the *Schrader* holding does not apply to this application, considering that the basis of the rejection in this case is that the claimed method consists solely of the manipulation of abstract ideas. The Federal Circuit also found, in the *AT&T* case, that the *Warmerdam* decision was not contrary to its determination that the claimed method of generating message records for billing purposes was sufficiently concrete and definite to meet §101. Applicant similarly submits that the *Warmerdam* decision also is not contrary to a finding that the claims in this application are directed to statutory subject matter, because the claimed method is directed to creating a tangible, concrete, and definite thing, namely a trust.

Applicant therefore respectfully submits that the method claimed in this application does not consist only of the manipulation of abstract ideas, and as such is directed to statutory subject matter. Reconsideration of the §101 rejection is respectfully requested.

Claims 1 through 32 were also rejected under §102 as anticipated by the Edelman reference<sup>25</sup>. Applicant respectfully traverses the rejection, on the grounds that the teachings of the Edelman reference fall short of the requirements of the claims.

Each of independent claim 1 and its dependent claims requires the steps of receiving a request to create a trust from a grantor, the receiving of authorization to convey funds from the grantor to an educational account within that trust, and the receiving of an electronic confirmation from the grantor to establish a trust with the conveyed funds. Information regarding the grantor, beneficiary, and conveyed funds are then stored in a trust account data base and associated with the educational trust account.

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<sup>23</sup> *I.e., In re Schrader*, 22 F.3d 290, 30 USPQ2d 1455 (Fed. Cir. 1994); *In re Warmerdam*, 33 F.3d 1354, 31 USPQ2d 1754 (Fed. Cir. 1994).

<sup>24</sup> *AT&T, supra*, USPQ2d at 1453.

<sup>25</sup> U.S. Patent No. 6,064,986, issued May 16, 2000, to Edelman.

As a result, the method of claim 1 creates a trust where none existed before. This method is advantageous over conventional approaches, such as described in the Edelman reference, in which the trust must be created off-line, for example involving the hiring and payment of attorneys.<sup>26</sup>

In contrast, the Edelman reference expressly requires that an attorney be hired by the grantor to create the trust off-line. Specifically, the Edelman reference describes how the customer of its system is provided with a list of attorneys that have joined an attorney referral network, and who the customer can hire to prepare the trust agreement, even teaching that the system can provide a coupon to pay for all or part of the attorney's fees for preparing the instrument.<sup>27</sup> Nowhere does the Edelman reference teach the receiving steps of claim 1 of this application, especially the receiving of an electronic confirmation from the grantor over the computer network to establish the trust with the conveyed funds.

Nor is there any suggestion from the prior art to modify the teachings of the Edelman reference in such a manner as to reach claim 1 and its dependent claims. This absence of suggestion to modify is especially apparent given the detailed discussion in the Edelman reference itself<sup>28</sup> of how to *not* create the trust on-line as results from the method of claim 1, by instead hiring an attorney from its referral network to prepare the trust instrument. Accordingly, the important advantages provided by the method of claims 1 and 18 through 22 stem directly from the differences between the claims and the reference, and further support the patentability of the claims in this case.

Because claim 1 is in condition for allowance for the reasons stated above, and is a generic claim to the multiple species previously found by the Examiner, Applicant further submits that all dependent claims 2 through 24 are now also in condition for allowance.

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<sup>26</sup> Specification, *supra*, paragraphs [0014], [0021], [0078], [0133], [0134].

<sup>27</sup> Edelman, *supra*, column 22, lines 7 through 51; column 22, line 60 through column 23, line 12; Appendices A and B (columns 33 through 35).

<sup>28</sup> *Id.*

Regarding independent claim 15 (renumbered) and its dependent claims, independent claim 19 (renumbered) and its dependent claims, and independent claim 28 (renumbered) and its dependent claims, Applicant first traverses the §102 rejection of these claims, on the grounds that the Examiner did not specifically apply the Edelman reference against any of these claims. The Office Action nowhere refers to any of the method steps of claim 15 in making the §102 rejection (*i.e.*, the steps of receiving authorization from a plurality of contributors to electronically convey funds to an account for a beneficiary, receiving conveyed funds for each of these authorizations, and storing information regarding these conveyed funds in the account database).<sup>29</sup> Nor does the Office Action anywhere apply the Edelman reference against the steps of receiving a response from the trustee, electronically establishing an educational account, or transferring funds to the educational account, each required by claim 19. Nor does the Office Action anywhere apply the Edelman reference against the step of establishing an account data base entry corresponding to a tax-favored educational account, as required by claim 28. For this reason, Applicant submits that the Office Action does not clearly explain the pertinence of the Edelman reference to claims 15 through 32.<sup>30</sup>

Applicant further traverses the rejection of claim 15 and its dependent claims, on the grounds that the claims are in fact novel and inventive over the Edelman reference. Claim 15 requires the receiving of authorization to electronically convey funds from a plurality of contributors. The Edelman reference nowhere considers, much less discloses, opening contributions to an account to a plurality of contributors. This absence of disclosure in this regard is clearly apparent from the Edelman reference itself, in its referring to “the grantor”<sup>31</sup>, and examples of this grantor as “a parent or grandparent”.<sup>32</sup> Nor is there any suggestion from the reference to provide electronic access to a plurality of contributors, by way of which they can authorize conveying funds to the beneficiary’s account. Accordingly, Applicant submits that claim 15 and its dependent claims are both novel, and patentably distinct, over the Edelman reference.

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<sup>29</sup> See Office Action, *supra*, pp. 3 and 4.

<sup>30</sup> 37 C.F.R. §1.104 (c)(2).

<sup>31</sup> Edelman, *supra*, column 22, line 54 through column 24, line 27.

<sup>32</sup> Edelman, *supra*, column 26, lines 30 through 37.

Applicant also traverses the rejection of claim 19 and its dependent claims, on the grounds that these claims are also novel and inventive over the Edelman reference. Claim 19 requires, *inter alia*, the steps of receiving authorization to electronically convey funds to an educational account within a trust, electronically establishing an educational account naming the beneficiary of the trust as the beneficiary of that educational account, and electronically transferring funds to the educational account. Nowhere does the Edelman reference anywhere mention or suggest an educational account within a trust, much less disclose or suggest these missing steps. In contrast, the Edelman reference is directed solely to retirement accounts within a trust vehicle, specifically and repeatedly referring to the advantage of “time” that a child has in connection with retirement investments.<sup>33</sup> Nor is there any suggestion in the Edelman reference of any use of its trust proceeds in connection with any other purpose, much less education of the child. Accordingly, Applicant submits that claim 19 and its dependent claims are novel and patentably distinct over the Edelman reference, and traverses the rejection of claims 19 through 27 accordingly.

Applicant also traverses the rejection of claim 28 and its dependent claims, on the grounds that these claims are novel and inventive over the Edelman reference. Claim 28 requires, *inter alia*, the establishing of an account database entry corresponding to a tax-favored educational account, establishing a corresponding account with a financial institution, and transferring funds into and distributing funds from that tax-favored educational account. In contrast, the Edelman reference anywhere mention or suggest an educational account within a trust, much less disclose or suggest these missing steps. In contrast, as discussed above, the Edelman reference is directed solely to retirement accounts within a trust vehicle, and fails to disclose or suggest any other use or purpose of its trust proceeds, much less education of the beneficiary. Accordingly, Applicant submits that claim 28 and its dependent claims are novel and patentably distinct over the Edelman reference, and traverses the rejection of claims 28 through 32 accordingly.

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<sup>33</sup> See, e.g., Edelman, *supra*, column 26, lines 24 through 37.

For these reasons, Applicant submits that all claims in this case are in condition for allowance. Reconsideration of this application is therefore respectfully requested.

Respectfully submitted,

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